

CITY OF ALAMEDA

Memorandum

To: Honorable Mayor and
Members of the City Council

From: John A. Russo
City Manager

Date: July 5, 2011

Re: Adopt a Resolution Approving a Revised Executive Management
Compensation Plan for the Period Commencing June 21, 2009 and
Ending June 16, 2012

BACKGROUND

The City and its Executive Management Employees (EXME) have met and agreed to the proposed Executive Management Compensation Plan (Exhibit 2), which is for the period commencing June 21, 2009, and ending June 16, 2012.

DISCUSSION

In recognition of the City's current difficult financial circumstances, and consistent with actions taken by public and private employees throughout the country, EXME proposes a reduction in their salary and benefit package of approximately 5% to assist the City in balancing its budget and maintaining its core services. These reductions are achieved through the following:

1. A one year suspension of the one percent (1%) City contribution to the deferred compensation plan, resulting in a savings for the City of \$21,400, of which \$11,300 is a savings to the General Fund.
2. A PERS Variable Employee Cost Sharing for Miscellaneous classifications of 1.868%, which is the maximum allowed under the PERS contract. This will raise the amount contributed by employees to their pension premium by 27% (from 7% of salary to 8.868% of salary), for an estimated City savings of \$32,300 annually, of which \$13,400 is a savings to the General Fund. This requires an amendment to the City's Miscellaneous PERS contract.
3. A PERS Variable Employee Cost Sharing for Safety classifications of 2% of the PERS allowed maximum of 5.057%. This will raise the amount contributed by employees to their pension premium by 22% (from 9% of salary to 11% of salary), for an estimated City savings of \$8,300 annually, all of which is a savings to the General Fund. This requires an amendment to the City's Safety PERS contract.
4. Beginning July 1, 2011 and until such time as the City amends its PERS contracts for the Miscellaneous and Safety Plans for employee cost sharing,

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employees covered by this Compensation Plan shall contribute an equivalent amount from their health and welfare benefits.

5. Six unpaid furlough days in FY11-12, amounting to a savings of \$50,200, of which \$26,000 is a savings to the General Fund.

The total savings provided by these reductions will be approximately \$112,200 (\$59,000 for the General Fund) over the term of this Plan. Employees covered under this Plan have also asked to remain at the 2009 health premium rates for the City's contribution toward health insurance. The City currently pays the higher 2011 health premium rates for all other City bargaining units.

In addition to those changes listed above, this proposed Compensation Plan includes classification and position changes as follows:

1. Removes the City Clerk from the Compensation Plan. The City Clerk is a City Council Appointee and will have an individual contract, similar to those between the City and the other Charter officers.
2. Formally includes the Chief of Police and Fire Chief classifications in the EXME Compensation Plan, replacing individual classification salary resolutions and assignment of benefits.
3. Reassigns one Deputy City Manager position to the existing Assistant City Manager classification to provide for the greatly expanded role of departmental oversight and responsibility. The cost for this change is approximately \$62,800, all of which is a General Fund cost.
4. Reassigns the Economic Development Director position to a new, lower-level classification of Community Development Director. This position will have oversight and responsibility for the combined departments of Economic Development and Community Development. This results in a savings of approximately \$24,000. This savings does not have any impact on the General Fund.
5. Adds one position assigned to the classification of Alameda Point Project Manager. This new classification will work on the base use and reuse project. The cost for this position, which is solely funded by the Alameda Reuse and Redevelopment Authority, is approximately \$184,300.

The Compensation Plan also calls for salary schedule changes as follows:

1. The Chief of Police salary range will increase approximately 0.5% to alleviate the salary compaction between the classification of Police Captain and the Chief of Police, thereby providing a 5% differential between these positions.
2. The Fire Chief salary range will increase by 2.3% to align this salary range with other EXME classifications and current market standards.
3. A new salary range is created for the classification of Alameda Point Project Manager assigned to a four day work week schedule.

FINANCIAL IMPACT

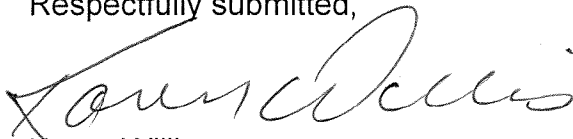
The total cost to implement the changes included in the EXME Plan for FY11-12 is approximately \$110,900, of which \$3,800 is from the General Fund. This amount reflects the increased cost for the classification and position changes of \$223,100 (\$62,800 from the General Fund and currently reflected in the FY11-12 budget), offset by the \$112,200 (\$59,000 to the General Fund) estimated savings to the salary and benefit reductions proposed in the EXME Compensation Plan. The proposed salary and benefit reductions are not reflected in the FY11-12 budget.

Attached is a summary of the savings and costs associated with these proposals (Exhibit 1).

RECOMMENDATION

Adopt a resolution approving the revised Executive Management Compensation Plan for the period commencing June 21, 2009, and ending June 16, 2012.

Respectfully submitted,



Karen Willis
Human Resources Director

Approved as to funds and account,



Fred Marsh
Controller

Exhibits:

1. Summary of Savings / Cost Executive Management Proposal
2. Executive Management Compensation Plan – June 21, 2009 through June 16, 2012

**Summary of (Savings) / Cost
Executive Management Changes**

	DESCRIPTION	TOTAL (SAVINGS)/COST	GENERAL FUND (SAVINGS)/COST
SALARY and BENEFITS PACKAGE REDUCTIONS	Deferred Compensation: Suspension for one year	\$ (21,400)	\$ (11,300)
	Cost Sharing: Misc @ 1.868%	\$ (32,300)	\$ (13,400)
	Cost Sharing: Safety @ 2%	\$ (8,300)	\$ (8,300)
	Furlough: 6 days in FY11/12	\$ (50,200)	\$ (26,000)
	(SAVINGS)/COST	\$ (112,200)	\$ (59,000)
CLASSIFICATION and POSITION CHANGES	Position Change: from Deputy City Manager to Assistant City Manager	\$ 62,800	\$ 62,800
	Position Change: from Economic Development Director to Community Development Director	\$ (24,000)	\$ -
	Add Position: Alameda Point Project Manager	\$ 184,300	\$ -
	(SAVINGS)/COST	\$ 223,100	\$ 62,800
TOTAL(SAVINGS)/COST		<u>\$ 110,900</u>	<u>\$ 3,800</u>

City of Alameda

EXECUTIVE MANAGEMENT COMPENSATION PLAN

June 21, 2009 through June 16, 2012

Section 1. At-Will and Exempt FLSA Status

All employees covered under this Compensation Plan are at-will, serving at the discretion of the City Manager and are exempt from the overtime provisions of the Fair Labor Standards Act (FLSA). The job titles of the positions covered by this Compensation Plan are:

Miscellaneous Classifications:

Alameda Point Project Manager
Assistant City Manager
Community Development Director
Deputy City Manager
Executive Director - Housing Authority
General Manager - Alameda Municipal Power
Human Resources Director
Library Director
Public Works Director
Recreation and Parks Director

Public Safety Classifications:

Chief of Police
Fire Chief

Section 2. Salaries/Rates of Pay

The annual salary range for each classification shall be as set forth in Exhibit A, which is attached hereto.

Section 3. Money Purchase Plan (IRC 401(a))

One percent (1%) of base salary will be paid by the City as deferred compensation and two percent (2%) of total earnings will be paid by the employee towards an IRC 401(a) money purchase plan. Upon retirement, employees may contribute any unused vacation into this plan subject to the maximums allowed by IRS rules.

For a one year period of time beginning the first pay period following adoption of this Compensation Plan, the City will suspend its 1% employer contribution into this plan. The employee contribution of 2% shall continue.

Section 4. Health and Welfare

The City will make available medical, dental and life insurance for eligible employees through a contribution to the Flexible Benefits Plan.

4.1 Medical Insurance

Two different structures for the medical component of the Flexible Benefits Plan will be provided to employees, based on their date of hire as outlined below.

Employees who were hired by the City of Alameda on or before November 14, 2006, and those promoted into the EXME employee group from another bargaining unit where the employee was receiving a medical component cash back provision equal to or greater than Plan A below, may choose to be covered under Plan A or Plan B as outlined below. If Plan A is chosen, the employee may choose to move to Plan B at any time. Once Plan B is chosen, the employee will not have the ability to move back into Plan A. All employees hired after November 14, 2006 shall be covered under Plan B.

Contribution rates shall be based upon the 2009 PERS premiums and shall not increase until a successor Compensation Plan has been adopted by the City Council.

Plan A

Under Plan A, the City will make the following contributions per month per eligible employee toward the Flexible Benefits Plan for health insurance. These amounts include the PERS minimum employer contribution (MEC) as required by state law, regardless of the year or amount, if enrolled in PERS medical insurance.

<u>Coverage Level</u>	2009	
	<u>City Contribution</u>	<u>Cash Back Max</u>
No coverage (0 party)	\$ 869.43	\$ 869.43
Employee only	\$ 1,224.91	\$ 530.74
Employee + 1	\$ 1,224.91	\$ 176.05
Employee + 2 or more dependents	\$ 1,224.91	\$ 0

If an employee elects no medical coverage through the City and can document they have alternative medical coverage, they will be eligible for cash back equal to the "0 Party" rate above. If an employee chooses to be covered by a lower cost medical plan, the employee will receive cash back equal to the City's Medical Contribution less the cost of the medical plan chosen by the employee which shall not exceed the cash back maximum shown above.

If an employee chooses to be covered by a higher cost medical plan, they will be responsible for paying the difference in the cost for that medical plan. Employees receiving cash back will continue to receive it. The amount of cash back will not increase from current levels; however, the amount of cash back an employee

receives may change as a result of a change in enrollment based on coverage level. The cash back amounts will not be increased even if premiums rise.

Plan B

Under Plan B, the City will make the following contributions per month per eligible employee toward the Flexible Benefits Plan for health insurance. These amounts include the PERS minimum employer contribution (MEC) as required by state law, regardless of the year or amount, if enrolled in PERS medical insurance.

<u>Coverage Level</u>	2009 <u>City Contribution</u>	<u>Cash Back Max.</u>
No coverage (0 party)	\$ 0	\$ 230
Employee only	\$ 508.30	\$ 0
Employee + 1	\$ 1,016.60	\$ 0
Employee + dependents	\$ 1,321.58	\$ 0

If an employee elects no medical coverage through the City and can document they have alternative medical coverage, they will be eligible for cash back of \$230 per month. If an employee chooses to be covered by a higher cost medical plan, they will be responsible for paying the difference in the cost for that medical plan.

4.2 Medical Plan

The City shall contract with the Public Employees' Retirement System (PERS) for the purpose of providing medical insurance benefits for employees covered by this Compensation Plan, eligible retired employees and eligible survivors of retired employees.

4.3 Dental Insurance

The City will make the necessary contributions per month per eligible employee toward the Flexible Benefits Account to provide the dental plan to the employee and eligible dependents. This coverage will be mandatory for all employees. The dental program shall be at the \$2500/\$2500 plan per employee and eligible dependent for annual dental care and lifetime orthodontic care.

4.4 Life Insurance

The City shall provide each employee with a \$100,000 life insurance program. This coverage will be mandatory for all employees covered by this Compensation Plan. Any increase in premium shall cause a like increase in the flexible benefit account.

The City shall provide each employee with the opportunity to purchase, at their own cost, additional optional life insurance up to the maximum amount provided by and subject to the conditions of the carrier.

4.5 IRC Section 125

In conjunction with the Flexible Benefits Plan, the City agrees to implement an IRC Section 125 plan to redirect the employees' pre-selected amount of salary to pay

employee paid insurance premiums and other approved expenses with pre-tax instead of after tax dollars.

4.6 Retirement Health Savings Plan

The City will implement a Retirement Health Savings Plan where employees may make an irrevocable choice to participate in and make pre-tax contributions. The Retirement Health Savings Plan may be discontinued at the sole discretion of the City.

4.7 Employee Assistance Program

The City shall continue to provide for all employees an employee assistance program. The cost of such program shall continue to be paid by the City only during the term of this Compensation Plan.

4.8 Long Term Disability Insurance

The City will provide a paid for LTD insurance plan equal to benefits provided for in the current plan which is 66.6667% of monthly earnings up to a maximum benefit of \$8,000 per month for the number of months according to the terms and conditions of the plan. If benefits are improved, such improvement shall be incorporated in the Long Term Disability Plan at no cost to all covered employees.

Section 5. Retirement Plan

5.1 Retirement Plans

The present Retirement Plans between the City and Public Employees Retirement System shall be maintained at the current benefit levels for the duration of this Compensation Plan.

1. 2% at 55 for miscellaneous classifications and 3% at 50 for public safety classifications.
2. The City provides the PERS single highest year retirement benefit.
3. Employees in miscellaneous classifications pay their own seven (7%) percent contribution. Employees in public safety classifications pay their own nine (9%) percent contribution.
4. The City provides the PERS additional service credit for unused sick leave.

5.2 Cost Sharing – Miscellaneous Classifications

The City shall contract with PERS for Variable Rate Cost Sharing of up to the Permanent Cost Share of 1.868% under Government Code Section 20516(a), based on the optional benefits established in the Miscellaneous Plan of the City's contract with PERS for the 2%@55 and One-Year Final Compensation Optional Benefits. Effective the first day of the next full pay period following the effective

date of the PERS contract amendment, in addition to the current 7% employee contribution, employees in the Miscellaneous Classifications covered by the Compensation Plan shall contribute an additional 1.868% of the employee's PERSable earnings towards the employer retirement contribution. This 8.868% contribution shall be in accordance with Section 414(h)(2) of the Internal Revenue Code whereby employee contributions shall be tax deferred and not subject to taxation until the time of constructive receipt.

5.3 Cost Sharing – Public Safety Classifications

The City shall contract with PERS for Variable Rate Cost Sharing of up to the Permanent Cost Share of 5.057% under Government Code Section 20516(a), based on the optional benefits established in the Safety Plan of the City's contract with PERS for the 3%@50 and One-Year Final Compensation Optional Benefits. Effective the first day of the next full pay period following the effective date of the PERS contract amendment, in addition to the current 9% employee contribution, employees in the Public Safety Classifications covered by this Compensation Plan shall contribute an additional 2% of the employee's PERSable earnings towards the employer retirement contribution. This 11% contribution shall be in accordance with Section 414(h)(2) of the Internal Revenue Code whereby employee contributions shall be tax deferred and not subject to taxation until the time of constructive receipt.

5.4 Alternative to PERS Cost Sharing

Should the other City employees under the City's PERS Miscellaneous or Safety Plans not approve the respective PERS cost sharing by June 30, 2011, then effective July 1, 2011, the employees covered by this Compensation Plan shall contribute a cost share amount to the City as an additional percentage of earnings (1.868% for Miscellaneous, 2% for Safety) as follows:

The City contribution to the employee's Flexible Benefits Plan under Section 4 above shall be reduced by the employee's cost share amount. In the event that the Flexible Benefits Plan amount is not sufficient to cover the benefits selected, the difference shall be implemented as an additional payroll deduction. For employees under Plan A, the cash back maximum amounts under Section 4.1 above shall be reduced by the amount of the employee's cost share amount.

Section 6. Retiree Health Care Benefit

6.1 Miscellaneous Classifications

Employees who retire with the City and elect to enroll in the health insurance provided through PERS shall have the employer contribution applied per PERS.

6.2 Public Safety Classifications

Employees covered under the 1082 Transfer Agreement shall have retirement health benefits as provided through the 1082 Transfer Agreement. The amount of

the Retiree Health Benefit shall be as spelled out in the respective safety management agreements.

Public safety employees not covered by the 1082 Transfer Agreement shall have the employer contribution applied as per PERS requirements.

Section 7. Holidays

Employees covered by this Resolution shall be entitled to take all authorized holidays at full pay, not to exceed 7.5 hours pay for any one (1) day for miscellaneous classifications and 8 hours pay for public safety classifications.

The authorized holidays for the City are:

- (1) New Year's Day
- (2) Martin Luther King's Birthday
- (3) Presidents' Day
- (4) Memorial Day
- (5) Independence Day
- (6) Labor Day
- (7) Veterans Day
- (8) Thanksgiving Day
- (9) Day after Thanksgiving Day
- (10) Christmas Day
- (11)(12) and (13 ½) Three and one-half (3 ½) Floating Holidays (to be taken each year during the period January 1 through December 31)

Section 8. Vacation

8.1 Vacation Benefits

Upon the discretion of the City Manager, employees covered by this Compensation Plan may receive up to twenty (20) working days of vacation with pay upon employment to recognize previous applicable experience, and may subsequently accrue vacation of up to twenty (20) work days of vacation with pay annually, accrued on a biweekly basis.

Employees shall receive one additional work day of paid vacation for each additional year of service on their anniversary date (accrued on a bi-weekly basis) up to a total of 25 vacation days. The maximum shall be 30 vacation days for public safety classifications.

For the purposes of this section, miscellaneous classifications have a 37.5 hour work week and a 7.5 hour work day. Public safety classifications have a forty (40) hour work week and an eight (8) hour work day.

8.2 Vacation Accumulation

No employee may accumulate more than 320 hours of vacation at any one time. Vacation accumulation shall not exceed these amounts unless otherwise approved by the City Manager.

8.3 Vacation Pay at Termination

Upon termination of employment, employees shall be paid the cash value of his or her accrued vacation leave at the time of termination. (See also Section 3 – Money Purchase Plan (IRC 401(a)).

Section 9. Sick Leave

Employees covered by this Resolution shall accrue sick leave at the rate of one (1) day per month. There shall be no limit on sick leave accrual. In no event shall sick leave be converted into cash. Charge for sick leave used shall be on the basis of one (1) hour for each hour used. Sick leave may not be used before it is earned.

For the purposes of this section, miscellaneous classifications have a 37.5 hour work week and a 7.5 hour work day. Public safety classifications have a forty (40) hour work week and an eight (8) hour work day.

Section 10. Catastrophic Leave

Catastrophic Leave is governed by Management Policies & Procedures No. 44.

Section 11. Leaves of Absence

11.1 Funeral Leave

In the event of a death in the immediate family of an employee, the employee shall, upon request, be granted such time off with pay as is necessary to make arrangements for the funeral and attend same, not to exceed four (4) regularly scheduled work days. This provision does not apply if the death occurs while the employee is on leave of absence, layoff, or sick leave.

For the purpose of this provision, the immediate family shall be restricted to parents, siblings, spouse, domestic partner, children, mother-in-law, father-in-law, grandparents, grandchildren, step-parents or stepchildren where there is a child-rearing relationship. At the request of the City, the employee will furnish a death certificate and proof of relationship.

Funeral leave applies only in instances in which the employee attends the funeral, or is required to make funeral arrangements, but is not applicable for other purposes such as settling the estate of the deceased.

11.2 Jury Duty

An employee summoned to jury duty shall inform the City Manager and, if required to serve, may be absent from duty with full pay for that time required to serve.

Section 12. Auto Allowance / Exclusive Use Vehicles

Effective upon City Council approval, auto allowance of \$250 per month shall commence or continue to be provided to the following classifications:

Alameda Point Project Manager
Assistant City Manager
Community Development Director
Deputy City Manager
Executive Director - Housing Authority
General Manager – Alameda Municipal Power
Human Resources Director
Library Director
Recreation and Parks Director

Inasmuch as the City has determined that its best interests are served by providing City vehicles for exclusive use to certain key employees with emergency response responsibilities, the employees in the following classifications will be assigned an exclusive use City vehicle. The use of these vehicles includes necessary service, maintenance and City gasoline for City business use subject to City policies and practices.

Chief of Police
Fire Chief
Public Works Director

The assignment of vehicles to these classifications shall be subject to review by the City Manager annually and as vacancies occur in these classifications. The City Manager may determine that a classification not be assigned an exclusive use City vehicle, and that the employees receive the \$250 per month auto allowance.

Section 13. Outside Employment

No full-time employee shall engage in employment that constitutes a conflict for the employee or the City. No employee shall engage in outside employment during his/her regular working hours. No uniform, emblem, badge or other employee identification shall be worn by any person while in the employment of someone other than the City. All requests by the employee for permission to engage in outside employment shall be made on a form provided by the City. No employee shall accept or continue employment other than with the City of Alameda without the approval of the City Manager, which may be withheld only if such employment

constitutes a conflict for the employee or the City or which would interfere with the employee's ability to perform his or her City job.

Section 14. Miscellaneous

The City's Drug Free Work Place Policy and Testing Procedure shall apply to employees governed by this plan.

Section 15. Furloughs

During FY11-12 employees shall be subject to six furlough days. These days shall be taken without pay in full day increments according to the employee's regular work schedule and shall be subject to PERS reporting rules. Furlough days shall be scheduled in advance and shall be subject to the approval of the City Manager. Unpaid furlough time off shall not impact accrual or receipt of any other established benefit.

Section 16. Uniform Allowance

Employees in the public safety classifications shall be entitled to uniform pay in the same manner and amount as provided in the respective safety management agreements.

**CITY OF ALAMEDA
EXECUTIVE MANAGEMENT**

CODE	CLASSIFICATION	ANNUAL				
		STEP 1	STEP 2	STEP 3	STEP 4	STEP 5

SAFETY Exempt**EFFECTIVE: 06/19/2011**

1111*	Chief of Police	175,800	184,590	193,819	203,510	213,686
1101*	Fire Chief	161,018	172,941	181,588	190,667	200,200

Forty (40) hour original work week.

* Five-day work week

MISC Exempt**EFFECTIVE: 06/22/2008**

7001*	General Manager-AMP	167,635	176,017	184,818	194,059	203,762
1052*	Assistant City Manager	164,706	172,941	181,588	190,667	200,200
1121*	Public Works Director	155,978	163,777	171,966	180,564	189,592
1131*	Library Director	139,358	146,326	153,642	161,324	169,390
1141*	Recreation & Park Director	139,358	146,326	153,642	161,324	169,390
1901*	Executive Director-Housing Authority	139,358	146,326	153,642	161,324	169,390
1071*	Human Resources Director	139,358	146,326	153,642	161,324	169,390

EFFECTIVE: 08/02/2009

1056*	Deputy City Manager	119,999	125,999	132,299	138,914	145,860
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EFFECTIVE: 06/19/2011

1066*	Community Development Director	139,358	146,326	153,642	161,324	169,390
1081**	Alameda Point Project Manager	115,383	121,152	127,210	133,571	140,250

Thirty-seven and one-half (37-1/2) hour original work week

* Five-day work week

** Four-day work week

CITY OF ALAMEDA RESOLUTION NO. _____

APPROVING REVISED EXECUTIVE MANAGEMENT COMPENSATION
PLAN FOR THE PERIOD COMMENCING
JUNE 21, 2009, AND ENDING JUNE 16, 2012

WHEREAS, there has been submitted to this Council an Executive Management Compensation Plan; and

WHEREAS, the Council of the City of Alameda has fully examined said Compensation Plan, a copy of which is on file in the Office of the City Clerk, and thereby finds and determines adoption of said documents to be in the best interest of the City.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Alameda that said Council hereby approves and adopts said revised Compensation Plan.

BE IT FURTHER RESOLVED that the provision of this Resolution shall supersede any other resolution in conflict herewith.

* * * * *

I, the undersigned, hereby certify that the foregoing Resolution was duly and regularly adopted and passed by the Council of the City of Alameda in a regular meeting assembled on the 5th day of July, 2011, by the following vote to wit:

AYES

NOES:

ABSENT:

ABSTENTIONS:

IN WITNESS, WHEREOF, I have hereunto set my hand and affixed the seal of said City this 6th day of July, 2011.

Lara Weisiger, City Clerk
City of Alameda

Resolution #5-J CC
07-05-11

Approved as to Form

City Attorney